
RURAL UTILITIES SERVICE

Distance Learning and Telemedicine Program Loan and Combination Loan-Grant Application Guide Fiscal Year 2005



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Distance Learning and Telemedicine Program

By submitting an application for financing under the **Rural Utilities Service's** Distance Learning and Telemedicine (DLT) Program, you are making a significant commitment to better the quality of life in rural America. Your organization is to be commended for its attempts to give rural residents -- students, teachers, parents, patients, doctors -- opportunities once available and affordable only to your urban counterparts. Quality education, health care, and stable economies are goals of all communities across the U.S.; and, in rural America, advanced telecommunications technologies are helping to meet the challenges of fulfilling these goals.

DLT Projects:

- **Promote Partnerships**
- **Solve Problems**
- **Are Locally Supported**

The **DLT Program** is designed specifically to meet the educational and health care requirements of rural America. It is a program about rural America, for rural America, and delivered to rural America. The purpose of the DLT program is to provide financial assistance to enhance learning and health care opportunities for rural residents. The program asks applicants to define the educational or health care problems that face their communities and determine how Federal distance learning or telemedicine assistance can help.

The Federal partnership with rural America has been long-standing. Initiatives like the DLT program strengthen that partnership. The Telecommunications Act of 1996 (Act) recognized the need to provide discounts to all schools, libraries, and rural health care providers for telecommunications services.

This provision of the Act was implemented by the Federal Communications Commission in 1997 and provides relief by discounting recurring, monthly telecommunications costs and inside wiring. These discounts provide only part of the assistance needed to create a fully functional rural connection to the information superhighway. The DLT Grant program, which focuses on end-user equipment, and the DLT Combination Loan-Grant Program and the DLT Loan Program, which are not limited to end-user equipment, complement the Act's telecommunications service discounts. Together, they provide critical assistance in making modern telecommunications technology, which provides enhanced learning and health care services, affordable and available to rural citizens.

In the pages that follow, applicants will find detailed information regarding eligibility requirements, funding purposes and types of financial assistance; the how, when, and where to submit an application; as well as other guidelines that will be useful in preparing your application for financial assistance. This guide should be used in conjunction with 7 CFR Part 1703, Subparts D, E, F and G, Distance Learning and Telemedicine Loan and Grant Program. We look forward to reviewing your application -- a sign of commitment to rural America -- in the near future. Information about RUS and DLT, including the program regulation and this application guide, can be retrieved electronically *via the Internet* at:

<http://www.usda.gov/rus/telecom/dlt/dlt.htm>

General Information

!! BEFORE YOU GET STARTED!!

You must read:

- ◆ **7 CFR (Code of Federal Regulations) Part 1703, Subparts D, E, F, and G, Distance Learning and Telemedicine Loan and Grant Program.**

This regulation **MUST** be used in conjunction with this application guide. Should any differences result in the interpretation of this guide and 7 CFR Part 1703, the regulation will take precedence over information contained in this guide.

➤ ***Types of Financial Assistance***

The Distance Learning and Telemedicine Loan and Grant Program are structured to provide *three categories of financial assistance*:

- 1) **100% Grants;**
- 2) **100% Loans; and**
- 3) **Combination Loan-Grants**

This guide provides assistance to applicants in applying for loan and combination loan-grant financing.

➤ ***FY 2005 Funding Availability***

For FY 2005, \$24.8 million in grants and \$49.6 million in loans are available for DLT projects serving rural America.

The funding will be provided as follows:

- 1) \$20.8 million is available for grants
- 2) \$9.6 million is available for loans
- 3) \$44 million is available for combination loan-grants (\$40 million in loans paired with \$4 million in grants, i.e., a ratio of \$1 grant for each \$10 loan).

➤ ***Minimum and Maximum Financing Requests***

The maximum size for a loan, generally, that will be considered for funding in fiscal year 2005 is \$9,600,000. The *minimum size* of an application is \$50,000. The ratio of grant to loan financing in the combination loan-grant program is \$1 of grant awarded for each \$10 of loan awarded.

➤ ***When and Where to Submit Your Application***

COMBINATION LOAN-GRANT or LOAN applications may be submitted

Anytime!!

Applications for combination loan-grant or loans will be processed as received, on a first-come, first-served basis. Although applications may be submitted at any time, to ensure consideration for approval during fiscal year 2005, which ends September 30, 2005, completed applications should be postmarked by:

July 31, 2005

Combination loan-grant or loan applications postmarked after this date will continue to be processed; however, no assurances can be provided for consideration for approval before the end of the fiscal year.

Applications must be submitted to:

ORREN E. CAMERON
DIRECTOR, ADVANCED SERVICES DIVISION
RURAL UTILITIES SERVICE
US DEPARTMENT OF AGRICULTURE
STOP 1550, ROOM 2845
1400 INDEPENDENCE AVENUE, SW
WASHINGTON, DC 20250-1550

Applications for a combination loan-grant or loan may also be submitted to RUS telecommunications General Field Representatives (GFRs) or to Rural Development State Directors. All applicants must submit **an original and two copies** of a completed application. The applicant must also submit a copy of the application to the **State Single Point of Contact (SPOC)**, if one has been designated for the State, at the same time it submits an application (see <http://www.whitehouse.gov/omb/grants/spoc.html> for a current list of State Single Points of Contact for Block #16 of Form 424, **Toolkit, page LT 2**).

DUNS Number Required for Combination Loan-Grant Applications

As required by the Office of Management and Budget, all applicants for grants—including DLT combination loan-grants—must supply a Dun and Bradstreet Data Universal Numbering System (DUNS) number when applying. The Standard Form 424 (SF-424) contains a space for your organization's DUNS number.

Obtaining a DUNS number costs nothing and requires a telephone call to Dun and Bradstreet (1-866-705-5711). Please see the DLT Web site or <http://www.grants.gov/RequestaDUNS> for more information on how to obtain a DUNS number or how to verify your organization's number.

◆ **Grants.gov—Electronic Application Retrieval and Submission**

We will accept your electronic application for a **combination loan-grant** if you submit it through the Federal government's grants Web site (Grants.gov):

<http://www.grants.gov>

100% loan applications CANNOT be accepted electronically at this time.

You will need a DUNS number and a Central Contractor Registry (CCR) registration before you can submit electronically. In addition, Grants.gov requires some one-time credentialing and online authentication procedures. These sign-up procedures may take several business days to complete.

Please follow the instructions at Grants.gov. If you experience a technical problem retrieving or submitting an electronic application, make the Grants.gov customer support resources your first stop (click the "Customer Support" tab on any page of Grants.gov to get started). DLT Program staff doesn't control the technical aspects of Grants.gov and won't be able to help you if you experience a problem. However, we are happy to answer questions about the Program and the contents of an application.

RUS may request original signatures on electronically submitted documents later.

Applications will not be accepted via facsimile machine transmission or electronic mail.

◆ **Combination Loan-Grant and Loan Toolkit**

Use the Loan and Combination Loan-Grant Program—Toolkit (Toolkit). It contains forms, sample certifications and worksheets that will help you assemble your application. Get a copy of the Toolkit at the DLT Web site.

I. Applying for a Combination Loan-Grant

The Processing of Combination Loan-Grants

Completed applications can be submitted at anytime and will be processed on a first-come, first-served basis based on availability of funds, the financial feasibility of the project, the services to be provided, the design of the project, costs, location, and other characteristics of the project. RUS will accept applications for a combination loan-grant submitted by RUS

telecommunications GFRs, by Rural Development State Directors, or by the applicants themselves. All applicants must submit an original and two copies of a completed application. The applicant must also submit a copy of the application to the State government Single Point of Contact (<http://www.whitehouse.gov/omb/grants/spoc.html>), if one has been designated for the State, at the same time it submits an application.

Applicant Eligibility

To be eligible to receive a combination loan-grant under the DLT Program:

1. The applicant must be legally organized as an incorporated organization, partnership, Indian tribe or tribal organization as defined in 25 U.S.C. 450b (b) and (c), a state or local unit of government, a consortium, as defined in §1703.102, or other legal entity including a private corporation organized on a for profit or no-for profit basis. Each applicant must provide written evidence of its legal capacity to contract with RUS to obtain the grant, combination loan-grant, or the loan, and comply with all applicable requirements. If a consortium lacks the legal capacity to contract, each individual entity must contract with RUS in its own behalf.
2. The applicant proposes to utilize the financing to:
 - (i) Operate a rural community facility; or
 - (ii) Deliver distance learning or telemedicine services to entities that operate a rural community facility or to residents of rural areas at rates calculated to ensure the benefit of the financial assistance is passed through to such entities or to residents or rural areas.
3. Electric or telecommunications borrowers are eligible for loans only.

Rurality Requirement

The proposed project must primarily meet the educational and health care requirements of rural areas. Applicants must meet the minimum eligibility of **20 points** based on its Rurality calculation determining the extent to which the project serves rural areas. A “Rurality Worksheet” is provided for this computation (**See Toolkit, page LT 6**).

<p><i>There is <u>NO</u> Matching Fund Requirement</i></p>

A combination loan-grant may be used by eligible organizations for distance learning and telemedicine projects to finance **100%** of the cost of approved purposes.

Approved Combination Loan-Grant Purposes

YES! Acquiring, by lease or purchase, eligible equipment as defined in §1703.102;

YES! Acquiring instructional programming;

YES! Providing technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming; providing engineering or environmental studies relating to the establishment or expansion of the phase of the project that is being financed with the combination loan-grant (this purpose shall not exceed 10 percent of the total requested financial assistance);

Training, Technical Assistance, Instructional Programming, Engineering/Environmental Studies must be subcontracted from an entity that has no association with the applicant or consortium. These purposes must also be in the form of a fixed contract resulting in an invoice and **not** hourly or recurring salaries.

YES! Paying for medical or educational equipment and facilities that are shown to be necessary to implement the project, including vehicles utilizing DLT technology to deliver educational and health care services. The applicant must demonstrate that such items are necessary to meet the purposes of 7 CFR Part 1703 and financial assistance for such equipment and facilities is not available from other sources at a cost that would not adversely affect the economic viability of the project;

YES! Providing links between teachers and students or medical professionals who are located at the same facility, provided that such facility receives or provides distance learning or telemedicine services as part of a distance learning or telemedicine network which meets the purposes of this program;

YES! Providing for site development and alteration of buildings in order to meet the purposes of 7 CFR Part 1703. Financial assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested;

YES! Purchasing land, buildings, or building construction determined by RUS to be necessary and incidental to the project. The applicant must demonstrate that funding from other sources is not available at a cost that does not adversely impact the economic viability of the project as determined by the Administrator. Financial assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested; and

YES! Acquiring telecommunications transmission facilities provided that no telecommunications carrier will install such facilities under the Act or through other financial procedures within a reasonable time period and at a cost to the applicant that does not impact the economic viability of the project, as determined by the Administrator.

Nonapproved Combination Loan-Grant Purposes

Without limitation, funds will **NOT** be provided:

- | | |
|------------|--|
| NO! | To pay salaries, wages, or employee benefits to medical or educational personnel; |
| NO! | To pay for the salaries or administrative expenses of the applicant or the project; |
| NO! | To purchase equipment that will be owned by the local exchange carrier or another telecommunications service provider <i>unless that service provider is the applicant;</i> |
| NO! | To duplicate facilities providing distance learning or telemedicine services in place or to reimburse the applicant or others for costs incurred prior to RUS' receipt of the completed application; |
| NO! | For projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.); |
| NO! | For any purpose that the Administrator has not specifically approved; |
| NO! | Except for leases provided for in §1703.131, to pay the cost of recurring or operating expenses for the project; or |
| NO! | For any other purposes not specifically contained in §1703.131. |
| NO! | Except as otherwise provided in §1703.131 funds shall not be used to finance a project, in part, when success of the project is dependent upon the receipt of additional financial assistance under 7 CFR Part 1703 or is dependent upon the receipt of other funding that is not assured. |

<i>EXCEPTION!</i>

Completing the Application

This section addresses all of the information that must be submitted for an application to be complete and considered for financing.

The *Toolkit* contains forms, sample certifications and worksheets that will help you assemble your application. Get a copy of the *Toolkit* at the DLT Web site.

A. A Completed Standard Form 424, "Application for Federal Assistance"

Complete this form along with a **board of director's resolution** authorizing the funding request, **Toolkit, page LT 2.**

B. An Executive Summary of the Project

The executive summary is one of the most important parts of the application. It gives reviewers their first overall view of the area to be served, what problems the residents face, and how the proposed project will help alleviate those problems, increase the quality of life, and provide enhanced opportunities for rural residents to receive better quality educational and health care opportunities. Give a concise **SUMMARY** of the project. This is your opportunity to briefly discuss the core aspects of the project:

- ◆ *The goals of the project*
- ◆ *The communities to be served*
- ◆ *The organizations participating as project partners*
- ◆ *The technologies to be used*

The executive summary brings together all of the bits of information which make your application for financing unique. Be clear and provide convincing links between project and benefits. The executive summary must provide a general project overview covering the following nine categories.

Executive Summary

1. A description of why the project is needed.
2. An explanation of how the project will address the needs, why the applicant requires financial assistance, the types of educational or medical services to be offered, and the benefits to the rural residents.
3. A description of the applicant documenting eligibility based on CFR 1703.103.
4. An explanation of the total project cost including a breakdown of the combination loan-grant required and the source of funding, if applicable, for the remainder of the project;
5. A statement that the project is either for a distance learning or telemedicine purpose. If the project provides both distance learning and telemedicine services, the applicant must identify the predominant use of the system.
6. A general overview of the telecommunications system to be developed, including the types of equipment, technologies, and facilities used.
7. A description of the participating hubs and end-users sites and the number of rural residents that will be served by the proposed project at each end-user site.
8. A certification that the facilities purchased or constructed using financial assistance do not duplicate adequate, established telemedicine services or distance learning services.
9. A listing of the location of each end-user site (city, town, village, borough, or rural areas, including counties served and state).

C. A Scope of Work

The proposed scope of work completes the picture for the application reviewer. It incorporates how the applicant proposes to proceed with the project, if funded. The scope of work must include, at a minimum, the following:

- ◆ The specific activities to be performed under the project.
- ◆ Who will carry out the activities.

**Explain what
you plan to
do!!!**

- ◆ The timeframes for accomplishing the project objectives and activities.
- ◆ A BUDGET for capital expenditures reflecting the line item costs for both the combination loan-grant and any other sources of funds for the project. (**See Toolkit, page LT 7, for a sample budget**).

The Proposed Scope of Work explains what you plan to do. It is your opportunity to make a clear and convincing presentation of the goals of your project.

D. Financial Information

The applicant must provide a summary explaining how the enclosed financial information supports the applicant's need for the financing requested for the project. The applicant must show its financial ability to complete the project; show project feasibility; and provide evidence that it can execute a note for a loan with a maturity period greater than one year. Applicants, including all members of a consortium, must provide an income statement (or revenue and expense report) and balance sheet (reflecting net worth) for the most recent annual reporting period preceding the date of the application. When the applicant is a partnership, company, corporation, or other entity, current balance sheets (reflecting net worth) are needed from each of the entities that have at least a 20 percent interest in the applicant. When the applicant is a consortium, a current balance sheet (reflecting net worth) is needed from each member of the consortium and from each of the entities that has at least a 20 percent interest in such member of the consortium.

- ◆ Applicants must include sufficient pro-forma financial data (**Toolkit, page LT 8, provides a sample pro-forma format**) that adequately reflects the financial capability of project participants and the project as a whole to continue a sustainable project for a minimum of 10 years and repay the loan portion of the combination loan-grant. This documentation should include sources of sufficient income or revenues to pay operating expenses including telecommunications access and toll charges, system maintenance, salaries, training, and any other general operating expenses, provide for replacement of depreciable items, and show repayment of interest and principal for the loan portion of the combination loan-grant. All assumptions must be clearly identified in support of the pro-forma.
- ◆ A list of property which will be used as collateral to secure repayment of the loan. The applicant shall purchase and own collateral that secures the loan free from liens or security interests and take all actions necessary to perfect a security interest in the collateral that secures the loan. RUS considers as adequate security for a loan, a guarantee by a RUS telecommunications or electric borrower or by another qualified party. Additional forms of security, including letters of credit, real estate, or any other items will be considered. RUS will determine the adequacy of the security offered.
- ◆ As applicable, a depreciation schedule covering all assets of the project. Those assets for which a combination loan-grant are being requested should be clearly indicated.

- ◆ For each hub and end-user site, the applicant must identify and provide reasonable evidence of each source of revenue. If the projection relies on cost sharing arrangements among hub and end-user sites, the applicant must provide evidence of agreements made among project participants.
- ◆ For applicants eligible under § 1703.103(a)(3) (amended to 7 CFR 1703.103(a)(2)(ii)), an explanation of the economic analysis justifying the rate structure to ensure that the benefit, including cost saving, of the financial assistance is passed through to those receiving telemedicine or distance learning services.

E. A Statement of Experience

An applicant must provide a written narrative (not exceeding three single spaced pages) describing its demonstrated capability and experience, if any, in operating an educational or health care endeavor and any project similar to the proposed project. Experience in a similar project is desirable but not required.

F. A Telecommunications System Plan

The Telecommunications System Plan (Plan) is an essential part of the application. The Plan should show that the technology chosen is the most cost effective to provide the needed services and how modern telecommunications technology will be used to meet the unique service requirements of the community. The Plan should explain how telecommunications would be used to enable the proposed project to interconnect with other existing networks at the regional, state, national, or international level. The Plan should discuss any aspects of the project where telecommunications will play an essential part. (See § 1703.134(f) for details.)

G. Compliance with Other Federal Statutes and Regulations

The applicant is required to submit evidence that it is in compliance with other Federal statutes and regulations as follows:

- ◆ Equal Employment Opportunity, E.O. 11246, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60, **Toolkit, page LT 9**;
- ◆ Architectural barriers, **Toolkit, page LT 10**;
- ◆ Flood hazard area precautions, **Toolkit, page LT 11**;
- ◆ Uniform Assistance and Real Property Acquisition Policies Act of 1970, **Toolkit, page LT 12**;
- ◆ Drug-Free Workplace Act of 1998 (41 U.S.C. 701), **Toolkit, page LT 13**;
- ◆ Debarment and Suspension, E.O.'s 12549 and 12689 (See 7 CFR 3017.510), **Toolkit, page LT 15**;

- ◆ Lobbying for Contracts, Grants, Loans, and Cooperative Agreements (31 U.S.C. 1352), **Toolkit, page LT 16;**
 - If the applicant is engaged in lobbying activities, the applicant must submit a completed disclosure form, “Disclosure of Lobbying Activities” (**See 7 CFR part 3018**); and
- ◆ Non Duplication of Services Certificate, **Toolkit, page LT 17.**

H. Environmental Impact and Historic Preservation

Details of the project’s impact on the environment and historic preservation must be provided. The application must contain a separate section entitled “Environmental Impact of the Project.”

Environmental Information - An “Environmental Questionnaire/Certification,” may be used by applicants to assist in complying with the requirements of this section. **Toolkit, page LT 18.**

For a proposed project that only involves internal modifications or equipment additions to buildings or other structures, the environmental information normally required includes a description of the internal modifications or equipment additions, the size of the site in hectares, and the general nature of the proposed use of the facilities once the project is completed, including any hazardous materials to be used, created or discharged, any substantial amount of air emissions, wastewater discharge, or solid waste that will be generated.

EXCEPTION!

I. Evidence of Legal Authority to Contract with the Government

Provide evidence demonstrating your organization's legal authority to enter into an agreement with a Federal government agency and perform the activities proposed under the application. Articles of Incorporation, Bylaws, Board Resolutions, excerpts from State Statutes, or an attorney’s opinion of counsel are acceptable forms of evidence detailing the above information.

J. Evidence of Legal Existence

Provide evidence demonstrating that your organization is legally recognized under state and federal law. Satisfactory documentation includes, but is not limited to, certificates from the Secretary of State, State Statutes or Laws establishing your organization. Letters from the IRS awarding tax-exempt status are not considered adequate evidence.

K. Supplemental Information

Provide any additional information RUS may consider relevant to the application and necessary to adequately evaluate the application.

Putting It All Together

The COMBINATION LOAN-GRANT application should be assembled and tabbed in the following order. Sample worksheets and certifications are provided in the *Toolkit* for your use. Use only the applicable attachments listed below. (Page numbers listed below pertain to the *Toolkit*.)

1. SF 424—Application for Federal Assistance: Completed, p. LT 2
2. Executive Summary
3. Summary Worksheet, p. LT 4
4. Rurality Worksheet, p. LT 6
5. Proposed Scope of Work
6. Budget, (follow the Sample Budget on p. LT 7)
7. Financial Summary and Documentation
8. Pro-Forma Financials, (follow the Sample Pro-Forma on p. LT 8)
9. Evidence of Funding Commitments from all sources
10. Statement of Experience
11. Telecommunications System Plan
12. Compliance with Other Federal Statutes and Regulations
 - (a) Equal Employment Opportunity certification, p. LT 9;
 - (b) Architectural barriers certification, p. LT 10;
 - (c) Flood hazard area precautions certification, p. LT 11;
 - (d) Uniform Assistance and Real Property Acquisition Policies Act of 1970, p. LT 12;
 - (e) Drug-Free Workplace Act of 1998, p. LT 13;
 - (f) Debarment and Suspension certification, p. LT 15;
 - (g) Lobbying for Contracts, Grants, Loans, and Cooperative Agreements, p. LT 16;
 - If the applicant is engaged in lobbying activities, the applicant must submit a completed disclosure form, “Disclosure of Lobbying Activities” (**See 7 CFR Part 3018**); and
 - (h) Non Duplication of Services certification, p. LT 17
13. Environmental Impact and Historic Preservation, p. LT 18
14. Evidence of Legal Authority to Contract with the Government
15. Evidence of Legal Existence
16. Supplemental Information (if any)

The Toolkit contains sample certificates and forms for your use

II. Applying for a Loan

The Processing of Loans

Completed applications can be submitted at anytime and will be processed on a first-come, first-served basis based on availability of funds, the financial feasibility of the project, the services to be provided, the design of the project; costs; location; and other characteristics of the project. RUS will accept applications for a Loan submitted by RUS telecommunications GFRs, by Rural Development State Directors, or by the applicants themselves. All applicants must submit an original and two copies of a completed application. The applicant must also submit a copy of the application to the State government point of contact, if one has been designated for the State, at the same time it submits an application.

Who is Eligible?

To be eligible to receive a Loan under the DLT Program:

1. The applicant must be legally organized as an incorporated organization, partnership, Indian tribe or tribal organization as defined in 25 U.S.C. 450b (b) and (c), a state or local unit of government, a consortium, as defined in §1703.102, or other legal entity including a private corporation organized on a for profit or no-for profit basis. Each applicant must provide written evidence of its legal capacity to contract with RUS to obtain the grant, combination loan-grant, or the loan, and comply with all applicable requirements. If a consortium lacks the legal capacity to contract, each individual entity must contract with RUS in its own behalf.
2. The applicant proposes to utilize the financing to:
 - (i) Operate a rural community facility; or
 - (ii) Deliver distance learning or telemedicine services to entities that operate a rural community facility or to residents of rural areas at rates calculated to ensure the benefit of the financial assistance is passed through to such entities or to residents or rural areas.
3. Electric or telecommunications borrowers are eligible for loans only.

Rurality Requirement

The proposed project must primarily meet the educational and health care requirements of rural areas. Applicants must meet the minimum eligibility of **20 points** based on its Rurality calculation determining the extent to which the project serves rural areas. A “Rurality Worksheet” is provided for this computation (**See Toolkit, page LT 6**).

There is NO Matching Fund Requirement

A Loan may be used by eligible organizations for DLT projects to finance **100%** of the cost of approved purposes.

Approved Loan Purposes

YES!

Acquiring, by lease or purchase, eligible equipment as defined in §1703.102;

YES!

Acquiring instructional programming;

YES!

Providing technical assistance and instruction for using eligible equipment, including any related software; developing instructional programming; providing engineering or environmental studies relating to the establishment or expansion of the phase of the project that is being financed with the Loan (this purpose shall not exceed 10 percent of the total requested financial assistance);

Training, Technical Assistance, Instructional Programming, Engineering/Environmental Studies must be subcontracted from an entity that has no association with the applicant or consortium. These purposes must also be in the form of a fixed contract resulting in an invoice and **not** hourly or recurring salaries.

YES!

Paying for medical or educational equipment and facilities that are shown to be necessary to implement the project, including vehicles utilizing DLT technology to deliver educational and health care services. The applicant must demonstrate that such items are necessary to meet the purposes of 7 CFR Part 1703 and financial assistance for such equipment and facilities is not available from other sources at a cost that would not adversely affect the economic viability of the project;

YES!

Providing links between teachers and students or medical professionals who are located at the same facility, provided that such facility receives or provides distance learning or telemedicine services as part of a distance learning or telemedicine network which meets the purposes of this program;

YES!

Providing for site development and alteration of buildings in order to meet the purposes of 7 CFR Part 1703. Financial assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested;

YES!

Purchasing land, buildings, or building construction determined by RUS to be necessary and incidental to the project. The applicant must demonstrate that funding from other sources is not available at a cost that does not adversely impact the economic viability of the project as determined by the Administrator. Financial; assistance for this purpose must be necessary and incidental to the total amount of financial assistance requested;

Part 1703, Distance Learning and Telemedicine Loan and Grant Program, FY 2005

YES!

Acquiring telecommunications transmission facilities provided that no telecommunications carrier will install such facilities under the Act or through other financial procedures within a reasonable time period and at a cost to the applicant that does not impact the economic viability of the project, as determined by the Administrator;

YES!

Any recurring or operating expenses, **except for salaries and administrative expenses**, not included above, **incurred during the first two years of operation after the financial assistance has been approved**. The applicant must show that financing such costs are necessary for the establishment or continued operation of the project and that financing is not available for such costs elsewhere, including from the applicant's financial resources. The Administrator will determine whether such costs will be financed based on information submitted by the applicant. Loans will not be made exclusively to finance such costs, and financing for such costs will not exceed **20 percent of the loan** provided to a project under this section; and

YES!

All costs needed to provide distance learning broadcasting to rural areas. Loans may be used to cover the costs of facilities and end-user equipment dedicated to providing educational broadcasting to rural areas for distance learning purposes. If the facilities are not 100 percent dedicated to broadcasting, a portion of the financing may be used to fund such facilities based on a percentage of use factor that approximates the distance learning broadcasting portion of use.

Nonapproved Loan Purposes

Without limitation, funds will **NOT** be provided:

NO!

To pay the costs **incurred after two years from approval** of recurring or operating expenses for the project except for leases: (See § 1703.141);

NO!

To purchase equipment that will be owned by the local exchange carrier or another telecommunications service provider **unless that service provider is the applicant**;

NO!

To duplicate facilities providing distance learning or telemedicine services in place or to reimburse the applicant or others **for costs incurred prior to RUS' receipt of the completed application**;

NO!

For projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501 et seq.); or

NO!

For any purpose that the Administrator has not specifically approved.

Except as otherwise provided in §1703.141, funds shall not be used to finance a project, in part, when success of the project is dependent upon the receipt of additional financial assistance under 7 CFR Part 1703 or is dependent upon the receipt of other funding that is not assured.

EXCEPTION!

Completing the Application

This section addresses all of the information that must be submitted for an application to be complete and considered for financing.

The *Toolkit* contains forms, sample certifications and worksheets that will help you assemble your application. Get a copy of the *Toolkit* at the DLT Web site.

A. A Completed Standard Form 424, “Application for Federal Assistance”

Complete this form along with a **board of director’s resolution** authorizing the funding request, **Toolkit, page LT 2**.

B. An Executive Summary of the Project

The executive summary is one of the most important parts of the application. It gives reviewers their first overall view of the area to be served, what problems the residents face, and how the proposed project will help alleviate those problems, increase the quality of life, and provide enhanced opportunities for rural residents to receive better quality educational and health care opportunities. Give a concise **SUMMARY** of the project. This is your opportunity to briefly discuss the core aspects of the project:

- ◆ *The goals of the project.*
- ◆ *The communities to be served.*
- ◆ *The organizations participating as project partners.*
- ◆ *The technologies to be used.*

The executive summary brings together all of the bits of information which make your application for financing unique. Be clear and provide convincing links between project and benefits. The executive summary must provide a general project overview covering the following nine categories.

Executive Summary

1. A description of why the project is needed.
2. An explanation of how the project will address the needs, why the applicant requires financial assistance, the types of educational or medical services to be offered, and the benefits to the rural residents.
3. A description of the applicant documenting eligibility based on CFR 1703.103.
4. An explanation of the total project cost including a breakdown of the Loan required and the source of funding, if applicable, for the remainder of the project.
5. A statement that the project is either for a distance learning or telemedicine purpose. If the project provides both distance learning and telemedicine services, the applicant must identify the predominant use of the system.
6. A general overview of the telecommunications system to be developed, including the types of equipment, technologies, and facilities used.
7. A description of the participating hubs and end-users sites and the number of rural residents that will be served by the proposed project at each end-user site.
8. A certification that the facilities purchased or constructed using financial assistance do not duplicate adequate, established telemedicine services or distance learning services.
9. A listing of the location of each end-user site (city, town, village, borough, or rural areas, including counties served and state).

Number each paragraph as shown in the example above. Remember, this summary is the first overall picture of your request for assistance and what problems you are attempting to solve.

C. A Scope of Work

The proposed scope of work completes the picture for the application reviewer. It incorporates how the applicant proposes to proceed with the project, if funded. The scope of work must include, at a minimum, the following:

- ◆ The specific activities to be performed under the project.
- ◆ Who will carry out the activities.
- ◆ The timeframes for accomplishing the project objectives and activities.
- ◆ A BUDGET for capital expenditures reflecting the line item costs for the loan funds and any other sources of funds for the project. (See Toolkit, page LT 7, for a sample budget.)

**Explain what
you plan to
do!!!**

The Proposed Scope of Work explains what you plan to do. It is your opportunity to make a clear and convincing presentation of the goals of your project.

D. Financial Information

The applicant must provide a summary explaining how the enclosed financial information supports the applicant's need for the financing requested for the project. The applicant must show its financial ability to complete the project; show project feasibility; and provide evidence that it can execute a note for a loan with a maturity period greater than one year. Applicants, including all members of a consortium, must provide an income statement (or revenue and expense report) and balance sheet (reflecting net worth) for the most recent annual reporting period preceding the date of the application. When the applicant is a partnership, company, corporation, or other entity, current balance sheets (reflecting net worth) are needed from each of the entities that have at least a 20 percent interest in the applicant. When the applicant is a consortium, a current balance sheet (reflecting net worth) is needed from each member of the consortium and from each of the entities that has at least a 20 percent interest in such member of the consortium.

- ◆ Applicants must include sufficient pro-forma (**Toolkit, page LT 8, provides a sample pro-forma format**) financial data that adequately reflects the financial capability of project participants and the project as a whole to continue a sustainable project for a minimum of 10 years and repay the Loan. This documentation should include sources of sufficient income or revenues to pay operating expenses including telecommunications access and toll charges, system maintenance, salaries, training, and any other general operating expenses, provide for replacement of depreciable items, and show repayment of interest and principal for the Loan. All assumptions must be clearly identified in support of the pro-forma.
- ◆ A list of property which will be used as collateral to secure repayment of the loan. The applicant shall purchase and own collateral that secures the loan free from liens or security interests and take all actions necessary to perfect a security interest in the collateral that secures the loan. RUS considers as adequate security for a loan, a guarantee by a RUS telecommunications or electric borrower or by another qualified party. Additional forms of security, including letters of credit, real estate, or any other items will be considered. RUS will determine the adequacy of the security offered.
- ◆ As applicable, a depreciation schedule covering all assets of the project. Those assets for which a Loan is being requested should be clearly indicated.
- ◆ For each hub and end-user site, the applicant must identify and provide reasonable evidence of each source of revenue. If the projection relies on cost sharing arrangements among hub and end-user sites, the applicant must provide evidence of agreements made among project participants.
- ◆ For applicants eligible under § 1703.103(a)(3) (amended to 7 CFR 1703.103(a)(2)(ii)), an explanation of the economic analysis justifying the rate structure to ensure that the benefit, including cost saving, of the financial assistance is passed through to those receiving telemedicine or distance learning services.

E. A Statement of Experience

An applicant must provide a written narrative (not exceeding three single spaced pages) describing its demonstrated capability and experience, if any, in operating an educational or health care endeavor and any project similar to the proposed project. Experience in a similar project is desirable but not required.

F. A Telecommunications System Plan

The Telecommunications System Plan (Plan) is an essential part of the application. The Plan should show that the technology chosen is the most cost effective to provide the needed services and how modern telecommunications technology will be used to meet the unique service requirements of the community. The Plan should explain how telecommunications would be used to enable the proposed project to interconnect with other existing networks at the regional, state, national, or international level. The Plan should discuss any aspects of the project where telecommunications will play an essential part. (See § 1703.144(f) for details.)

G. Compliance with Other Federal Statutes and Regulations

The applicant is required to submit evidence that it is in compliance with other Federal statutes and regulations as follows:

- ◆ E.O. 11246, Equal Employment Opportunity, as amended by E.O. 11375 and as supplemented by regulations contained in 41 CFR part 60, **Toolkit, page LT 9**;
- ◆ Architectural barriers, **Toolkit, page LT 10**;
- ◆ Flood hazard area precautions, **Toolkit, page LT 11**;
- ◆ Uniform Assistance and Real Property Acquisition Policies Act of 1970, **Toolkit, page LT 12**;
- ◆ Drug-Free Workplace Act of 1998 (41 U.S.C. 701), **Toolkit, page LT 13**;
- ◆ Debarment and Suspension, E.O.'s 12549 and 12689 (See 7 CFR 3017.510), **Toolkit, page LT 15**;
- ◆ Lobbying for Contracts, Grants, Loans, and Cooperative Agreements (31 U.S.C. 1352), **Toolkit, page LT 16**;
 - If the applicant is engaged in lobbying activities, the applicant must submit a completed disclosure form, "Disclosure of Lobbying Activities" (See 7 CFR Part 3018); and
- ◆ Non Duplication of Services Certificate, **Toolkit, page LT 17**.

H. Environmental Impact and Historic Preservation

Details of the project's impact on the environment and historic preservation must be provided. The application must contain a separate section entitled "Environmental Impact of the Project."

Environmental Information - An "Environmental Questionnaire/Certification," may be used by applicants to assist in complying with the requirements of this section. **Toolkit, page LT 18.**

For a proposed project that only involves internal modifications or equipment additions to buildings or other structures, the

<i>EXCEPTION!</i>

environmental information normally required includes a description of the internal modifications or equipment additions, the size of the site in hectares, and the general nature of the proposed use of the facilities once the project is completed, including any hazardous materials to be used, created or discharged, any substantial amount of air emissions, wastewater discharge, or solid waste that will be generated.

I. Evidence of Legal Authority to Contract with the Government

Provide evidence demonstrating your organization's legal authority to enter into an agreement with a Federal government agency and perform the activities proposed under the application. Articles of Incorporation, Bylaws, Board Resolutions, excerpts from State Statutes, or an attorney's opinion of counsel are acceptable forms of evidence detailing the above information.

J. Evidence of Legal Existence

Provide evidence demonstrating that your organization is legally recognized under state and federal law. Satisfactory documentation includes, but is not limited to, certificates from the Secretary of State, State Statutes or Laws establishing your organization. Letters from the IRS awarding tax-exempt status are not adequate evidence.

K. Supplemental Information

Provide any additional information RUS may consider relevant to the application and necessary to adequately evaluate the application.

Putting It All Together

The LOAN application should be assembled and tabbed in the following order. Sample worksheets and certifications are provided in the *Toolkit* for your use. Use only the applicable attachments listed below. (Page numbers listed below pertain to the *Toolkit*.)

1. SF 424—Application for Federal Assistance: Completed, p. LT 2
2. Executive Summary
3. Summary Worksheet, p. LT 4
4. Rurality Worksheet, p. LT 6
5. Proposed Scope of Work
6. Budget, (follow the Sample Budget on p. LT 7)
7. Financial Summary and Documentation
8. Pro-Forma Financials, (follow the Sample Pro-Forma on p. LT 8)
9. Evidence of Funding Commitments from all sources
10. Statement of Experience
11. Telecommunications System Plan
12. Compliance with Other Federal Statutes and Regulations
 - (a) Equal Employment Opportunity certification, p. LT 9;
 - (b) Architectural barriers certification, p. LT 10;
 - (c) Flood hazard area precautions certification, p. LT 11;
 - (d) Uniform Assistance and Real Property Acquisition Policies Act of 1970, p. LT 12;
 - (e) Drug-Free Workplace Act of 1998, p. LT 13;
 - (f) Debarment and Suspension certification, p. LT 15;
 - (g) Lobbying for Contracts, Grants, Loans, and Cooperative Agreements, p. LT 16;
 - If the applicant is engaged in lobbying activities, the applicant must submit a completed disclosure form, “Disclosure of Lobbying Activities” (**See 7 CFR Part 3018**); and
 - (h) Non Duplication of Services Certificate, p. LT 17
13. Environmental Impact and Historic Preservation, p. LT 18
14. Evidence of Legal Authority to Contract with the Government
15. Evidence of Legal Existence
16. Supplemental Information (if any)

The Toolkit contains sample certificates and forms for your use